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PRESIDENT VIDELA RECEIVES EGYPT'S BUTRUS GHALI

PY032112 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1434 GMT 3 Jan 81

[Excerpt] Buenos Aires, 3 Jan (NA)--The Egyptian minister of state for foreign affairs, Butrus Butrus Ghali, was received at noon today by President Jorge Rafael Videla in a special audience. The minister arrived yesterday for an official visit that will last until next Thursday. He is making the visit within the framework of a Latin American trip that will include Chile, Peru and Mexico.

The meeting was held at government house, where the diplomat handed Videla a message of greetings from Egyptian President Anwar as-Sadat.

Prior to his meeting with Videla, the minister visited the San Martin Palace, where he greeted his Argentine colleague, Carlos Pastor.

ARGENTINA, ROMANIA SIGN COOPERATION AGREEMENT

PY022126 Buenos Aires TELAM in Spanish 1230 GMT 2 Jan 81

[Tel.] Buenos Aires, 2 Jan (TELAM)--An agreement on technical and economic cooperation has been approved by the Governments of Argentina and Romania. The agreement, approved through law No 22,461, says that the cooperation will include: A) the production and marketing of merchandise; B) specialization in production and development; C) the exchange of technology, technical information, patents and licenses; D) [words indistinct]; E) the exchange and training of technicians, experts and other forms of cooperation that will be agreed upon between the two parties.

It was also explained that a joint intergovernmental commission will be charged with the preparation of specific programs and will propose to the two parties the necessary measures for the fulfillment of the agreement.

The agreement--called the General Agreement on Technical and Economic Cooperation Between the Governments of Argentina and the Socialist Republic of Romania--in article No 4, establishes that the contracting parties will carry out payments for the anticipated operations in currencies which are easily convertible and/or in products.

This report was released today by the OFFICIAL GAZETTE.

BRIEFS

WHEAT CROP FORECAST--The 1981 Argentina wheat crop will be about what the unofficial reports had earlier predicted--not a bumper crop, but still a good crop. It will total 7,810,000 tons according to the second official reckoning. This is enough for local needs and for sizeable exports. The crop will be 1.3 percent below last year's. [Buenos Aires HERALD in English 4 Jan 81 p 2 PY]

GRAINS TO MEXICO--The grain board has made a deal with Mexico for 800,000 to 1 million tons of sorghum and for 250,000 to 400,000 tons of soybeans for delivery between April and June. [Excerpt] [Buenos Aires HERALD in English 4 Jan 81 p 2 PY]

GRAIN EXPORTS--Grain exports for the first 11 months of 1980 totalled 14,030,292 tons as compared with 19,477,398 tons in the previous period, and December shipments were not exceptional. [Buenos Aires HERALD in English 4 Jan 81 p 2 PY]

ITAMARATY ESTABLISHES FIRM POLICY REGARDING PLO

PYOS1811 Sao Paulo O FOLHA DE SAO PAULO in Portuguese 1 Jan 81 p 4

[By Flavio de Almeida Salles]

[Text] Brasilia--The Brazilian policy regarding Palestine is "unambiguous" and President Figueiredo's government does not consider "the installation of a PLO office in Brazil decisive for that policy."

This is the gist of the guidelines presented by Itamaraty at the end of 1980 to the Arab countries which are interested in the Palestinian issue, especially Algeria, Morocco, Iraq and the Arab League.

Today, the Palestinians throughout the world are celebrating the 17th anniversary of the Palestinian revolution, the international recognition of the Palestinian people's rights.

In Brazil, the issue has been placed on two very clear levels: on the one hand is the "unambiguous policy" voiced by the diplomatic spokesmen, who give implicit recognition and the support of the Brazilian Foreign Ministry for Palestinian rights in all international organizations and also in official speeches and statements.

In practice, however, the recognition and support are given in a different manner, and Itamaraty does not want to formalize the recognition of the PLO as an organization representing the Palestinian state. It is not even willing to allow the opening of a PLO office in Brazil, unless some fundamental changes are carried out in the short term within the Palestinian organization.

The question of opening a PLO office in Brasilia is permanently on the agenda of talks of the Arab ambassador with the Brazilian Foreign Ministry. At the end of this year some ambassadors visited Foreign Minister Saraiva Guerreiro to learn about the development of the studies being made by Itamaraty on the recognition of the PLO, and the answer was that this is exclusively a Brazilian decision which does not accept diplomatic pressures from any country.

Itamaraty could not be more specific with the ambassadors: We have had our position from the very beginning and for the good of the Palestinian people. The question, then, is knowing whether the installation of an office in Brazil would be advantageous for either of the two parties. For Brazil, "this is not decisive."

But Itamaraty is not very incisive when studying the practical question of whether a PLO office would be installed or not. Although no one really says so, it is the general consensus among most diplomats that one of the obstacles to the installation of an office in Brazil is the action in Brasilia of Farid Sawan, the current charge d'affaires of the Arab League, for Palestinian issues.

According to Brazilian diplomats, Sawan insists in "closing a door which has already been opened, for the government decision is to support the Palestinian cause in the international forum."

On the contrary, according to official sources, the PLO representative has only caused problems, because "he acts as if he were a student leader concerned only with obtaining the support of the Brazilian opposition leaders, disregarding the fact that Brazil has already assumed a position which has been disclosed at the international level."

The Foreign Ministry's fear, then, is that the Palestinian representatives may take advantage of the opposition leaderships to preach the Palestinian cause with disastrous results, since "it would end up generating pressures against the government and even promoting rivalry between Arabs and Jews who live in relative tranquillity on Brazilian soil."

Along this line of thinking, diplomatic sectors remember that the Foreign Ministry has indicated to other PLO representatives--to the United Nations, for example--the Brazilian displeasure at the action of the Palestinian charge d'affaires in Brasilia, who, according to Itamaraty, is delaying any process of rapprochement with or recognition of the PLO organization.

The Arab diplomats in Brasilia, however, do not want to accept, with great tranquility the Foreign Ministry's position. They feel that the climate of tension was created by the nonexistence of the office, that if it existed it would have been functioning within the preestablished diplomatic rules which could not be broken by a stronger action by a member of the diplomatic community.

The way things are now, the Palestinian representation does not exist formally and that makes it difficult to control the activities of a single person. Any official restriction by the Brazilian Government would turn him into a victim, with a negative effect in the Arab community.

In any case, the problem apparently reached an impasse, while diplomatic observers in Brasilia are asking how long this precarious balancing act will be maintained. While it is, however, one thing is certain: the idea of formally recognizing the PLO or of installing an office in Brasil has been rejected.

BANK OFFICIAL SEES FAVORABLE ECONOMIC TREND

PYQ52218 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 80 p 18

[Excerpts] In the course of 1980, Brazil obtained from abroad \$13,738,900,000, more than the amount estimated at the beginning of the year as necessary to service the country's foreign debt. Reserves have reached \$6,842,000,000, slightly above the most recent estimate of \$6.5 billion. By the end of 1979 reserves amounted to \$9.7 billion.

The gross foreign debt has reached \$54.2 billion, and even though it continued to grow throughout the year, it did so slower than in previous years because the government decided to obtain from abroad only those funds which were strictly necessary to service the country's foreign debt. This official information has been disclosed by a foreign department official of the central bank, Jose Carlos Madeira Serrano, who made it clear that the data were preliminary. He indicated, however, that should there be changes they would be minimal.

Serrano recalled that according to estimates a minimum of \$10 billion had to be obtained abroad, and that together with \$2 billion taken from reserves this money would be enough to service the debt. However, an additional \$3 billion had to be obtained abroad when the trade balance experienced a deficit.

Analyzing the data which he has collected for the year-end balance, Serrano indicated that 1981 could be a year full of difficulties, uncertainties and "confusion" in the market. However, there are some signs that the conditions at the beginning of 1981 will be much better than those at the beginning of 1980, Serrano stated. The means of payment and the monetary base, which had been growing since May 1979, have been showing a downward trend since May 1980. The balance of trade between Brazil and the other countries of the world, which had been increasing up to July 1980 (when it reached \$4,194,500,000, the largest deficit since January 1973), has begun to decline, reaching \$1,117,900,000 in November 1980.

LIBERAL POLITICIAN RUFFINELLI ASSESSES SITUATION

PVC 1983 Asuncion ABC COLOR in Spanish 31 Dec 80 p 13

[Text] Fernando Levi Ruffinelli [liberal politician] has pointed out, among other things, in his political assessment of the year that "the material prosperity of a privileged minority is being mistaken for development of the country." He has asserted that the middle class is disappearing in this country and that, for the first time in this country, there are two "strongly antagonistic classes: the very rich and the very poor." Here is a transcript of Levi Ruffinelli's statements:

"This first year of the decade of the 1980's has been one of delusion and disillusion. I believe that in saying this I base my opinion on observations which anyone can make.

"A new election has been held and, as on earlier occasions, the results were prefabricated. The option of the voters is still between one 'yes' ballot or another 'yes' ballot. In order to find out the will of the people I would like the government officials to organize rallies in support of the increase of fuel prices, the rise of the cost of living, the state association with Paraguayan Refineries, Inc. [REPSA] and the refusal to increase minimum salaries. There would be no one present.

"The material prosperity of a privileged minority is mistaken for the development of the country. It has been said with the greatest frivolity that we have a rising middle class. It might be said that the question has been taken as a joke, but it is really quite serious and I am not sure that it was not a mockery, power and money often make people feel dizzy, and dizzy people lose the sense of reality. They either believe that the others are in the same state, or they treat them disdainfully. In order to learn how the Paraguayan lives, those people need a treatment of humility; they need to come down from their godlike loftiness.

"The truth is that the middle class is disappearing here. For the first time in our history we have two strongly antagonistic classes: the very rich and the very poor. Earlier, no one was very rich or very poor and there was a middle class with a positive and healthy influence. Now the affluent class is growing at the expense of the middle class and the poor. It is true that those at the top do not preach the word of class struggle, but they are certainly setting the stage for touching off that explosion of feelings.

"Much is said about the very modern installations of the National Telecommunications Administration and the National Electric Power Administration, but the fact that those public services are beyond the reach of the people is not mentioned. What does the worker, the peasant, the employee of the professional care about the Acaray, Itaipu and Yacireta hydroelectric plants or about communications by satellite, which he only knows about by hearsay, distant things from another world? Propaganda has never served to put bread and meat on the table of the people.

"There is talk about the staunch defense of the sovereignty of the nation, but who permitted the work to divert the waters of the Pilcomayo River to be observed passively for months? And how about the borders with Brazil, where Paraguayans speak Portuguese and pay with cruzeiros?

"The REPSA concession is coming to its end and it hands over to us an obsolete factory with installations of a dubious quality and shamelessly squandered assets. But we are asked to believe that REPSA is an industry which is the pride of the country, so much so that the state associates itself with it and 'owes it millions of dollars which the enterprise has lost by attending to the needs of the nation'--a big fraud which does not deceive anyone!"

"A new army statute is approved without anyone having justified the need for those modifications. The military is deprived of its true nature by permitting military men to be businessmen or manufacturers. Although this matter may be defended and various opinions given on it, it is certainly impossible to accept that the military may be enrolled in a political party. What will happen if the Colorado Party loses its power? Will all be dismissed? What happens to the security of a professional career free from the pressures and backstage maneuvers of party politics? Who will be able to know if he will reach the highest ranks because of his dedication to military matters? Should one accept the prevalence of the army over the parties or of the parties over the army? Such basic questions do not go unnoticed and do not fail to cause deep concern among those of us who earnestly respect the military. I can say this quite honestly, because my convictions are based on my affection, respect and admiration toward my recently dead brother Alejandro, staff major in retirement, hero of the Chaco War, wounded on the battlefield three times. In his memory I cannot but honor the armed forces of the nation.

"Unceasingly and monotonously we are told of the peace we are enjoying. But it is not said on what it is based! There are so many kinds of peace!

"How can we trust this peace if no step is taken to put an end to the divisions among the Colorados and no legislation is outlined to permit the opposition to air its disagreements without obstacles? How can we believe in this peace, if the state of siege is not subject of regulations, the state of siege which permits a person to be confined or put behind bars without knowing the reason for the one or the other? How can one help becoming alarmed, when we live at the mercy of the fate of a single person? All of us know that General Stroessner is the one most responsible for all the good and all the bad in the situation of this nation. Let us leave aside the bad things and take into account only the good things we are told about. What will happen to all that after Stroessner, even if all were well, does not the lack of a reasonably good answer mean that we are building on sand? Anything is better than a power vacuum which only leads to sorrow and pain.

"In 1980 so many lies were told and there were so many things that were not done that even the tenacity of hope is embittered and weakened.

"Let us hope, however, that 1981 will bring us many of the things we have been denied, despite the delusions and disillusionments of this year. Let us pray to God that 1981 puts an end to this mediocre and suffocating passivity, so that we shall not know the suffering of impotence, so that we shall not learn of the humiliation of flattery, so that we are not burdened with complicity through silence, so that we are not degraded by fear, so that our dignity is not sold through hunger.

"Let us trust that in 1981 all Paraguayans will feel the happiness of spiritual peace and bodily comfort and that we will be able to say sincerely: 'I am the master of my life, I am a free man.'

ECONOMY MINISTER ANNOUNCES NEW ECONOMIC MEASURES

PY051940 Lima Radio America in Spanish 1130 GMT 5 Dec 80

[Excerpts] Economy and Finance Minister Manuel Ulloa said during a speech delivered to the nation that the government economic policies have produced positive results during the 6 months of this administration. He said that there was economic recovery because there was an increase in the GDP, a growth in the production of goods and services, an increase of activities in industry, commerce and construction, an increase in the buying power of consumers and positive changes in the consumer price index.

He indicated that the measures taken had a positive influence in the areas of energy, mining, agriculture, cattle raising, credit and labor policies and in creating new jobs. He emphasized that this fiscal year showed a deficit of 130 billion soles. He said that the 1981 budget in force since 1 January amounts to 2 trillion soles, and that this represents a program of austerity, and that expenditures will be curbed in order to prevent waste.

He said, however, that despite these achievements of the economic program, an emergency situation still prevails. He added that the cost of living during 1980 increased 60 percent, and that the newly approved budget aims to reduce inflation to 40 percent this year. During the radio and television speech, the minister said that the government will make a decisive effort to solve the serious problems of unemployment and underemployment. It will implement agricultural policies, particularly in areas affected by drought. In the health sector it will implement measures to protect mothers and children. In the housing sector it will eliminate slums and will build new houses.

Minister Ulloa also revealed economic measures in the program to delay inflation. He reported an increase in food prices and an increase in salaries for all workers of the country.

When he announced the increase in fuel prices, he said that public transportation will be subsidized by eliminating tax on vehicles. He said that Petroperu [State Petroleum Agency] will be given the essential resources to carry out its [word indistinct] oil policies. The government announced new prices on sugar, milk, bread, noodles, rice and cooking oil.

This is an excerpt of Ulloa's speech:

[Begin recording] These economic measures aim to eliminate what remains of the artificial and suffocating measures in the economy of the nation.

Since we revealed the measures we were going to implement, a great deal has been said about them. This government has never hidden its policies and has never been influenced or persuaded by biased political groups interested in creating an environment of uncertainty, a shortage of supplies or an impression that the economic policies supported large interests different from the interests of the Peruvian people. This government has done what it honestly believed had to be done, and this is why I am here to announce that it was necessary to take a series of measures which perhaps should have been taken a few months ago. But had we implemented these measures a few months ago--in other words, had we completely taken away the measures to stop the delayed inflation we have inherited--perhaps, as we have said several times, the social cost would have been too high. In addition, there was an environment of labor unrest being created to coincide with the approval of these measures as a pretext to undermine the government. We can say this now after looking, even slightly, at the results of the efforts made in the last 5 months because we know that the people are now better protected and because an economic reactivation is taking place.

The real salaries of the Peruvian workers have received the greatest benefits from the efforts made in the last 3 months. I believe it was worth while delaying these economic measures because we can now implement them with the certainty that the country will not suffer as it would have suffered in October, November or September of last year.

The most important measure is the price increase to realistic levels. A price increase which will permit us to eliminate--part and not all--of the high cost we are paying with indiscriminate subsidies, with subsidies which favor all social classes and do not distinguish between the poor and the rich. In order to give an idea of the dangers of maintaining a subsidy policy like the current one, I would like those who criticize or threaten to criticize these policies to offer other alternatives, to tell us what other measures we can take and how we can create the resources needed for national development, for social justice, for the improvement of services and the quality of Peruvian life without the measures we are now implementing.

The 1981 budget is approximately 2 trillion soles. Of these 2 trillion soles, 1 trillion is already committed, that is, 1 trillion soles is already committed for service expenditures and amortization of the Peruvian foreign debt, a debt we did not create, and for expenditures necessary for national defense. This means that we are left with 1 trillion soles. Of this 1 trillion, indiscriminate subsidies are threatening to consume approximately 300 billion soles per year.

If we add the regular expenditures of the public administration, the 300,000 persons who are part of the public sector, we have an expenditure of approximately 300 billion soles per year. Therefore, we find that to implement our programs in health, housing, agriculture, road building, education and energy, we only have 200 billion soles. In other words, we are suffocating the country and reaching a state of total economic inactivity. This cannot be, because the important thing is that when these readjustments are implemented--as last August--they should be accompanied by wage increases and improvements, protection and aids to the most needed sectors of the population, and this is what we are now doing.

I would like to give you some figures, only to give you an idea of the size of the subsidies and how absurd this is. Regarding rice, unfortunately more than half of our rice consumption is imported because the situation is out of control, created by nature, and has considerably reduced rice production. Also the lack of encouragement, the lack of an agrarian policy, was gradually reducing agricultural production in the rice producing valleys of the country. This is why a country which at one time exported rice and which now has a total consumption of 330,000 tons a year has to import 255,000 tons. The cost of imported rice is 224 soles per kilo, but the official price has been fixed at 115 soles per kilo, that is, the government continues to maintain a considerable subsidy of this product.

Regarding sugar, the country used to export thousands of tons, but now it has to import almost 30 percent of the national sugar consumption. During 1980, 44,000 tons were imported, and it is expected that 174,000 tons of sugar will be imported during 1981.
[end recording]

Here is another portion of Minister Ulla Elias' speech, in which he discusses the adjustment of salaries and wages.

[Begin recording] How are we going to soften, to alleviate, the inevitable increase in the cost of living caused by these measures? We decree wage hikes. The amount of these wage increases allows us to say, as we did in August 1980, that they will be sufficient to cover the higher cost of living and will leave a margin to improve the real salary, the real income of the workers.

The public servants have received an increase for the first quarter on 1981 of 12 percent across the board. At the same time, we have increased the national minimum wage by 8 percent.

As to the private sector--even though our policy is not to interfere with collective bargaining, with the direct negotiations aimed at establishing the wage levels for the private sector--we have taken into account the timetable of collective bargaining and direct negotiations which will take place before April and have decided to protect the workers who may have not taken into account the impact which these measures may have, and we have decided to grant a single across-the-board salary increase of 6,000 soles. We have done so in the belief that as of April the Labor Ministry will develop regulations aimed at seeking fair wages by establishing an automatic or periodic wage adjustment to cover the cost of living increases, independently from the hikes which could be obtained through direct negotiations or the increases which could result from greater effectiveness at work and the ensuing higher productivity.

We believe that our position is fair. We believe that the hike granted softens the impact of cost of living increases and that it provides the foundations for an orderly and peaceful discussion of new labor contracts as the previous ones terminate. In any case, this salary hike will be implemented in April, and as of the first of April all collective labor agreements will have to reflect the new policies through which the government will anticipate the inflation which we believe could develop in the coming 12 months. [end recording]

24-HOUR GENERAL STRIKE DECLARED IN IQUITOS

PY060226 Paris AFP in Spanish 1822 GMT 5 Jan 81

[Text] Lima, 5 Jan (AFP)--The city of Iquitos, capital of Peruvian Amazonia, today declared a 24-hour general strike in support of its demands against President Fernando Belaunde's administration.

The chief of state yesterday visited this city on the Amazon River and clashed verbally with the crowd, part of which applauded him while the rest shouted slogans. The population, gathered in the front for the defense of Loreto Department, whose capital is Iquitos, is demanding the payment of 40 billion soles (\$117.5 million) in lieu of oil royalties.

According to front sources, this is the amount of royalties equivalent to the 10 percent of the oil produced by this department. This royalty was established by the previous military regime, which failed to comply with its own law. The front is also opposing the separation of Ucayali Province from Loreto Department. This province has been assigned to another department. The front is also calling for a border trade treaty with Colombia.

President Belaunde yesterday answered the demands of the crowd and held talks with the front for the defense of Loreto Department. However, he discontinued the talks because of what he called the stubbornness of his interlocutors, whom he told that for the time being it is impossible to pay all the royalties they are requesting.

The people of Iquitos--who will go on an indefinite strike on 12 January--held a meeting at noon today and reaffirmed their decision to stand by their demands. In the meantime the arrest of one of the members of the front and the occupation of the local cathedral by a group of unknown persons has been reported.

FOREIGN POLICY TO REMAIN UNCHANGED IN 1981

PY051909 Lima Radio America in Spanish 1130 GMT 5 Jan 81

[Text] Foreign Minister Javier Arias Stella has said that Peruvian foreign policy will not be changed this year. He said that regarding foreign policy we will continue to follow the UN and OAS general guidelines.

PRESIDENT DISCUSSES ECONOMY, OIL IN YEAREND SPEECH

PA020330 Caracas Domestic Service in Spanish 1630 GMT 31 Dec 80

[Yearend speech to the nation by Venezuelan President Luis Herrera Campins--live]

[Excerpts] The year that ends today has seen the conclusion of the first stage of the putting in order of economic activities which began in 1979. The stage has been set for the reactivation of the economy on a solid and permanent basis which will ensure an orderly and a more rational expansion in the next few years. The process of recovery of our balance of payments, which began in 1979, continued. The important growth in the value of our export goods, especially oil, and the moderate increase in our imports during the year permitted the balance of the current account to show a sizeable surplus of over \$4.2 billion which contrasts with the deficit of \$5.7 billion reported in 1978, the last year of the previous regime, and which significantly improves the real equilibrium of 1979. It must be pointed out that in 1980 the export of nontraditional goods and services totaled 4 billion bolivares, that is, twice as much as was reported last year.

International reserves available to the Central Bank of Venezuela and the Venezuelan Investment Fund increased without taking into account the assets in international banks that Petroven has accumulated, the amount of which is similar to the country's international reserves and guarantees the continuation of the ambitious expansion programs planned for the next 10 years. The central bank's estimates indicate that the cost of living index from January to November 1980 grew by nearly 23 percent as compared to the same period in 1979.

I fully agree with labor and with the statement made by the Confederation of Venezuelan Workers that concerted, permanent action should be taken against inflation, especially against speculation by some sectors which are artificially raising the prices of goods and services and whose abuses we are fighting and will continue to fight rigorously. The most accessible legal instrument, the superintendent's office for consumer protection, has had my full support in the war on speculation in which there can be no leniency or indifference, but an implacable toughness to punish.

I urge the Venezuelan people, especially the middle class, hardest hit by the speculative excesses, the poor, the social organizations and all housewives, to defend fair and equitable prices.

We have been working at all levels in OPEC, which is torn by an armed conflict between two of its members, and we have advocated united action. This conflict is being protracted while the public, manipulated by the international news agencies, has made no demands, although the conflict is occurring in an area of high tension and great danger, perhaps because an industrialized nation wants to see OPEC divided into irreconcilable (?factions).

OPEC was strengthened at the recent meeting in Bali, and it was decided to study the creation of the institute on advanced studies for developing nations which I proposed to the chiefs of state and sovereign rulers of the Arab world during my visit early this year. I hope this initiative, requiring so much solidarity with the developing nations, will run the same course as the Venezuelan proposal to create the OPEC news agency which is now a reality, headed by a distinguished fellow citizen.

The daring step taken with the energy cooperation program for Central America, Panama and some Caribbean nations has been generally acclaimed. At Venezuela's suggestion, it was signed by my administration and the Mexican Government.

Offshore oil exploitation plans and the preparatory work to exploit the Orinoco oil strip are underway. The national congress, several social organizations and the media have been constantly apprised of it.

They are being implemented with the view that all activities should not obliterate or exclude or discriminate against or absorb other economic activities but that they should be coordinated with other activities to promote and stimulate the economy and to cooperate with the communities so they can build the needed infrastructure.

AMBASSADOR COMMENTS ON RELATIONS WITH CUBA

PA310135 Paris AFP in Spanish 1509 GMT 30 Dec 80

Text] Caracas, 30 Dec (AFP)--Venezuela's ambassador to Havana stated here today that if Cuba and Venezuela break their diplomatic relations, it will be exclusively the responsibility of Fidel Castro. Ambassador Cesar Rondon stated: "Venezuela will firmly maintain its decision of not breaking its diplomatic relations with Cuba, and if this happens it will be the responsibility of the Havana government."

The Venezuelan diplomat stated: "So far there has been no change, not even the slightest hint of a detente. On the contrary, everything apparently indicates an attitude of imperious aggressiveness toward the Venezuelan Government and of playing a Machiavellian game with certain Venezuelan leftist groups." He noted that "the Government of Venezuela maintains its immigration policy toward Cuban family groups that have stated their desire to leave the island, and 9,000 visas have been issued between 1978 and 1980." He added: "The Cuban Government maintains its decision not to issue safe-conducts to the exiles in the embassies of Venezuela, Peru and Argentina, according to its decision not to issue them for those who use violence to enter diplomatic missions."

There are 25 persons in asylum in the Venezuelan Embassy in Havana, 18 in the embassy office and 7 in the residence of the ambassador. Ambassador Rondon, who presently lives in Caracas despite his diplomatic mission in Havana, concluded by stating: "President Fidel Castro has conditioned the normalization of relations to an impossible, or at least unforeseeable, event: a guilty verdict for those charged with the bombing of a Cuban plane over Barbados territorial waters."

Break in Relations Likely

PA031833 Madrid EFE in Spanish 2058 GMT 2 Jan 81

[Excerpts] Caracas, 2 Jan (EFE)--Cesar Rondon Lovera, Venezuelan ambassador to Cuba, said today that "it will be very difficult" for his country's military court to revoke the acquittal decreed by a military council on behalf of 4 persons charged with dynamiting a Cuban plane with 76 persons aboard in 1976. Cuban President Fidel Castro said 3 months ago that if the court upholds the acquittal, the Havana government would completely break off relations with the Venezuelan Government.

In an interview published today by the morning paper DIARIO DE CARACAS, Rondon Lovera said that it would be very difficult for the court-martial magistrates to hand down another sentence because "they would appear to be obeying Fidel Castro, or to have been intimidated or pressured by him." Rondon Lovera said he did not expect to return to Havana "and I believe that I am interpreting my government's position." He revealed that Venezuela is negotiating with "friendly countries" to have them take charge of Venezuelan affairs in Cuba in the likely event of a break in relations.

Rondon Lovera, who described himself as "the first leftist to take charge of a diplomatic mission in this country (Venezuela)" said that the Cuban revolution is "an irreversible process." Cuba is socialist, has proclaimed itself to be socialist and will continue to be socialist, the Venezuelan ambassador said. "It is up to those who share responsibility in this part of the Western political world to understand this political process and to promote formulas of understanding with Cuba," he said.

REPORTAGE, COMMENT ON REAGAN-LOPEZ PORTILLO MEETINGMeeting in Ciudad Juarez

PAG05436 Mexico City International Service in Spanish 0300 GMT 6 Jan 81

[Text] U.S. President-elect Ronald Reagan is meeting with Mexican President Jose Lopez Portillo to hear all his points of view, Reagan's official spokesman has said.

He also said that during this meeting the Mexican president had been invited for talks in Washington. The spokesman said that during the meeting of the two statesmen in Ciudad Juarez, Chihuahua Province, Mexico, the discussion covered the most important points affecting the two nations, such as the subjects of undocumented persons, energy and the fishing problem.

With this meeting, President Reagan wants open relations with all Latin American nations, the spokesman said.

Meeting 'Positive'

PAG05406 Madrid EFE in Spanish 0332 GMT 6 Jan 81

[Text] Ciudad Juarez, Mexico, 5 Jan (EFE)--Mexican President Jose Lopez Portillo described his meeting with U.S. President-elect Ronald Reagan as positive.

The Mexican chief of state said that "everything was very positive" in his meeting with Reagan.

Also, he termed as "fundamental" the personal contact between presidents to strengthen relations between the two countries.

Lopez Portillo left Ciudad Juarez minutes after saying farewell to Ronald Reagan following a meeting that lasted 2 hours and 40 minutes.

Press Comment

PAG051629 Paris AFP in Spanish 1532 GMT 5 Jan 81

[Text] Mexico City, 5 Jan (AFP)--No more imposition of views "on either the Latin American countries or any of the others that are not completely developed," the Mexican newspaper *EXCELSIOR* (centerist) editorialized today, in commenting on today's meeting between U.S. President-elect Ronald Reagan and Mexican President Jose Lopez Portillo. The paper expressed its hope that the Mexican president's statements will help Reagan "understand the impossibility of controlling the destinies of other nations."

EL UNIVERSAL (center right) asserted that it is necessary for Reagan to demonstrate, with facts, his interest in "not darkening relations with our country, which would result in greater mutual understanding."

EL HERALDO (right) states that "relations with the United States, a powerful neighbor, the most powerful one any nation of the Western hemisphere could have, should be a challenge for the persons who establish our country's policies."

Commenting on today's meeting of presidents in Ciudad Juarez (on the border between Mexico and the United States), this paper says that they must set aside inhibitions and fears which frequently lead to aggressive attitudes, whose futility has been proven on many occasions.

The Mexican Government newspaper EL NACIONAL comments that the meeting between Lopez Portillo and Reagan "has a special meaning that can be easily seen: it indicates the weight Mexico has gained in international affairs."

FREE TRADE TREATY WITH COSTA RICA SUSPENDED

PA301951 San Jose Radio Solej in Spanish 1200 (OFF 30 Dec 80)

[Text] Panama City--The Panamanian Government yesterday decided to suspend the free trade treaty with Costa Rica until a ruling is issued by the arbitrators to whom it has been submitted.

Panamanian Commerce and Industrial Minister Arturo Melo said yesterday afternoon that he had sent a telegram to the Costa Rican Government announcing the decision of the Panamanian Government and businessmen.

The problem arose several months ago when the government of Rodrigo Carazo implemented a number of trade measures that restricted Panamanian exports to Costa Rica. It has been said that the measures are aimed at stopping the loss of foreign exchange, but the losses suffered by local merchants and industrialists are heavy. Joint commissions and officials of both countries have met on several occasions but no agreement has been reached.

It was reported that Frank Kardanski, president of Panama's Industrialists Association, has been named arbitrator for Panama.

LABOR LEADER CRITICIZES CANAL PAY DIFFERENTIAL

PA040040 Panama City CRITICA in Spanish 1 Jan 81 p 21

[Text] If the U.S. Congress had not eliminated the last two minimum salary increases, thousands of Panamanian workers serving in U.S. federal agencies in the Panama Canal area, would be earning the \$3.95 minimum hourly wage, Saturnin G. Mauga, secretary general of local 900 of the Panama Canal Commission Workers Union, said.

Mauga also said that Col Robert D. Manning, military assistant for Panama Canal Affairs of the U.S. army deputy secretary's office, had sent a note, dated 21 November 1980, saying that the postponement of the elimination of the "tax factor of October 1980, was a 'deliberate' action taken because it would have negatively affected the budgets of the federal agencies and would probably have led to a reduction in personnel."

"Whenever we recommend something favorable for the Panamanian labor force, we are answered with stupidities about the budget and threats of reduction of force," Mauga said.

"However, during the coming fiscal year, 219 pilots of the Panama Canal Commission will receive over \$5 million in bonuses above their regular salaries," Mauga said. "But it seems that these large bonuses for 219 workers will not negatively affect either the Panama Canal Commission budget or the commission's labor force."

"Strangely enough," Mauga said, "when the benefits are for (the U.S. sector) of the labor force, everything is all right. But when we speak of benefits for the Panamanian labor force, tears flow abundantly in waves. Such is life."

REAGAN EXPECTED TO RECHISE 'INTERVENTIONIST POLICY'

PA031807 Panama City CRITICA in Spanish 3 Jan 81 p 22

[Editorial: "After the Storm"]

[Text] President-elect Reagan's government will start out by taking strong positions in domestic as well as in foreign policy because, otherwise, he would be betraying his campaign slogans.

After a while, however, things will be back to normal because the same interventionist policy that many people proclaim benefits no one, not even the United States.

Rockefeller's tour of Latin America proves our statement. He said very clearly, "What you say during the electoral campaign is one thing, but what you do when you are in the White House is something else." This statement is the key to U.S. policy.

The rich banker did not make this trip because he had to visit his businesses overseas. No, sir. He went to deliver a message from President-elect Reagan to the people of Latin America, telling them that they need not worry about wars or threats of armed invasion by his government.

Reagan will surely launch propaganda campaigns against Cuba, Nicaragua and other countries. The U.S. Government and the American people know by experience that there is much to lose and nothing to be gained by the use of force.

Besides, the destiny of the United States is not determined by a party, a president, or a political position. Presidents have to follow a system which imposes set paths, as it is to be expected in a true democracy such as that practiced in the United States.

PANAMENISTA LEADER'S YEAREND MESSAGE TO PEOPLE

PA031759 Panama City CRITICA in Spanish 3 Jan 81 p 3

[Text] Arnulfo Arias Madrid, lifetime head of the Panamenista Party, has said in a New Year's message to the Panamanian people that 1981 "brings great hopes to the Panamanian people."

The Panamenista leader took advantage of the occasion to strongly criticize the revolutionary process, accusing it of being a "tyranny disguised as a process of the masses..."

The following is the text of Arias' message:

Message for the year 1981

The inexorable pendulum of human history brings about decisive events and for this reason the beginning of 1981 brings great hopes to the Panamanian people.

Panama's true democratization continues being a major and unchangeable imperative for its imposed rulers and the governed people who are crushed under the nefarious consequences of the false revolution born from treason.

The tyranny disguised as a process of the masses and its sequel of a high cost of living, graft, waste, repression and lack of respect for human rights seeks to perpetuate itself in power through lies and demagoguery, hiding the economic, fiscal, political, social and moral catastrophe.

The enemies of the fatherland, who have profited on various occasions from public wealth, have taken advantage of the power of the police forces to promote their selfish and base interests.

The distortion of the nation's true situation by means of all sorts of juggling acts constitutes a major challenge to the civic struggle led by the country's majority forces, which remain loyal to the Panamenista doctrine and bear with enthusiasm and determination the red, yellow and purple banner of the genuine Panamenista Party.

Fifty years ago, on 2 January 1931, a date which is unforgettable for Panama, a group of brave and patriotic men took the first steps to carry out the only revolution that has given full power to the sovereign people.

At this late date many of the objectives of that momentous date are still unfulfilled and many institutions still need to be created to lead the present and future generations on the path toward a better Panama.

[Signed] Arnulfo Arias M.

COSTA RICATRUCKS STOPPED BY PANAMANIAN BORDER AUTHORITIES

PA032007 San Jose Radio Rele] in Spanish 1730 GMT 5 Jan 81

[Excerpt] A serious crisis broke out this morning on the southern border when the Panamanian authorities decided not to allow the entry of Costa Rican trucks which were transporting cargo to Panama. The Union of Central American Transporters immediately reported the incident to the economy minister, explaining that 14 Costa Rican trucks were not allowed to enter and their drivers were told to leave the cargo at Panamanian customs, where Panamanian trucks would later transport it through Panama.

The problem stems from the fact that apparently Panama has issued a law whereby only vehicles having Panamanian license plates are authorized to transport merchandise in Panama.

The Costa Rican Government will study the Panamanian measure with the other ministers and officials of the member nations of the Central American Common Market to determine how this will affect trade. The Central American economy ministers will meet on Wednesday.

GASOLINE SALES 'NORMAL' DESPITE GOVERNMENT BAN

PA031432 San Jose Radio Rele] in Spanish 1200 GMT 5 Jan 81

[Text] All gasoline stations in the country were observing normal operating hours yesterday, in spite of the fact that on 22 December President Rodrigo Carazo announced that all gasoline stations had to close down 12 hours a day as of 4 January. Yesterday, however, no written order had been issued and therefore the gasoline stations observed normal working hours.

President Carazo had said that stations in the metropolitan area were to shut down from 1900 to 0600, while in the rest of the country, the stations had to remain closed from 1700 to 0300.

While most of the gasoline stations owners yesterday remained firm in their plans not to close down at night, because there is no decree to this effect and some of them said they were confused by Carazo's orders. However, the station owners said they remained opened for business because they had no written orders on this. The police said it had no knowledge of any orders to enforce the shutdown.

The gasoline station owners told our reporters that they will continue to observe normal hours as long as there is no decree ordering them to close down at night. Many of them said they did not remember they were to close down yesterday at 1700 or 1900, and some said the order is effective today. They added they did not know if a decree was going to be issued ordering them to work a 12-hour day.

RECOPPE ANNOUNCES AGREEMENT WITH STATION OWNERS

PA011411 San Jose Radio Rele] in Spanish 0100 GMT 1 Jan 81

[Text] The Costa Rican oil refinery [RECOPPE] will analyze the profit margin of gasoline stations. One of the agreements reached this afternoon between RECOPPE and gasoline station owners is that during the first few days of 1981 the profit margin of the country's gasoline stations will be studied.

Let us listen to RECOPE Executive President Jose Antonio Lara tell us about the agreement reached this afternoon with the gasoline station owners following the meeting with the owners' association and its representatives.

[Begin recording] [Lara] With pleasure, for Radio Reloj. This was the second meeting. This time the meeting was with the representatives of the gasoline station owners. They presented two basic points. The first point was that they wanted to be allowed to buy fuel at the old price and the second point was that they wanted a review of their profit margin.

Regarding their first point, it was explained to them that it was not possible to yield to their demands since the executive decree that became effective on (26 December) cannot be [words indistinct] regarding the sale of fuels at previous prices. They understood our position and this was not a difficult subject, so this issue was resolved.

The second point is that they want their profit margin reviewed. We explained to them that since RECOPE is a monopoly it cannot refuse to review the economic conditions under which these persons related to the company operate. These persons are the transporters and the gasoline station owners. Regarding the gasoline station owners, we told them that in response to their requests, we would initiate a professional and independent study in January to determine what type of business the gasoline stations are conducting, and what kind of profits they receive in relation to their investments. If, as a result of this study, it is determined that the profit yield is not high enough, we will be willing to review the profits they are earning now as gasoline stations owners.

We will present the results of the study to them so that they can see how the study was carried out. They will have the opportunity to present operational documents so that the study may be as complete as possible and all the parties involved are satisfied.

[Question] Mr Lara, regarding the transporters, what agreement was reached with them?

[Answer] Regarding the transporters, RECOPE was already aware of the urgent need for a review of freight transport prices, because of the increases that have occurred during 1980 not only in diesel fuel--which is the most important and which has gone up by approximately 100 percent with the latest increase--but also in increases in the price of tires, repair parts and salaries.

Our initial figures show that the increase in freight transport prices would be at least 50 percent [words indistinct] and this will possibly be adjusted on the basis of a study that will also be made of that sector.

[Question] Finally, Mr Lara, since you are expecting a call from the president of the republic regarding the results of these negotiations, why did not these negotiations take place at the beginning of the conflict, for in a matter of hours an agreement was easily reached, as you have seen. This would have kept the country from having to endure difficulties resulting from a gasoline shortage.

[Answer] With Pleasure. Our opinion is that at the beginning the situation was not the best for negotiations. There was much agitation and rebelliousness in our institutions and the situation were not right for reasonable negotiations with assurances that we would have positive results, which we have had. It is possible that there were shortages of fuel at some gasoline stations today but tank trucks have been operating for some time now in order to supply the entire country. [end recording]

EL SALVADORGOVERNMENT EXTENDS STATE OF SIEGE 30 DAYS

PA060132 Panama City ACAN in Spanish 0652 GMT 6 Jan 81

[Text] San Salvador, 5 Jan (ACAN-EFE)--The state of siege and the decree which suspends freedom of expression and thought and freedom of transit were extended today for 30 days, in keeping with a government junta communique.

"In view of the fact that the circumstances of violence sponsored by the rightwing and leftwing groups still persist, the revolutionary government junta has extended for 30 days the suspension of constitutional guarantees throughout national territory," the official communique states.

The state of siege and the suspension of the constitutional articles related to freedom of expression, transit and association were decreed on 6 March 1980 when the agrarian reform was promulgated, banking was nationalized and foreign trade was partly nationalized. The state of siege enters its 11th month.

The official document adds that freedom of association and meeting must be exercised "peacefully, without weapons, so long as the meetings have legal ends."

CHANGES IN ARMED FORCES COMMAND ANNOUNCED

PA052135 Panama City ACAN in Spanish 1922 GMT 5 Jan 81

[Text] San Salvador, 5 Jan (ACAN-EFE)--Several changes in the Salvadoran Armed Forces were announced today, including the transfer of Col Nicolas Carranza who has been repeatedly accused by the defense under secretariat of being a rightist.

However, Carranza leaves one important post to move on to another key post as president of the National Telecommunications Administration, ANTEL.

Col Francisco Hernan Pereira, deputy interior secretary, was also transferred to the post of the Armed Forces Study Center (CEFA).

Col Rodolfo Revelo, who until today was private secretary of the government junta, replaces Colonel Pereira.

Col Francisco Adolfo Castillo, former armed forces general chief of staff, has been appointed to the defense secretariat.

Castillo is being replaced by Col Rafael Flores Lima, former commercial attache at the Salvadoran Embassy in Peru.

Flores Lima was presidential information secretary during Gen Carlos Humberto Romero's rightist regime. Romero was overthrown by a coup d'etat on 15 October 1979.

Lt Col Roberto de Jesus Monterroa, CEFA director, has been appointed commander of the Salvadoran Navy.

An unconfirmed report says that Lt Col Roberto Santos, ANTEL president, would be appointed private secretary to replace Revelo.

Other changes have been reported at the departmental commands in Chalatenango (in the northern part of El Salvador) and Zacatecoluca (in the southeast). These are the two most troubled departments in which leftist guerrillas operate with much intensity.

The present departmental commanders will be assigned to the armed forces general staff and, although they are colonels, they will be replaced by lieutenant colonels.

MAJANO ACCUSES GOVERNMENT OF RECENT KILLINGS

PA060213 Paris APP in Spanish 2230 GMT 5 Jan 81

[Text] San Salvador, 5 Jan (APP)--Col Adolfo Majano, former member of the Salvadoran Government Junta, today accused the government and the "rightwing commands of the army" of being responsible for the killing of agrarian labor leader Rodolfo Viera and two U.S. advisers here over the weekend.

In a communique released to the foreign press, Majano states that "the high military commands and those who direct the government know how this condemnable crime was carried out."

Viera, president of the Salvadoran Agrarian Transformation Institute (ISTA) and his advisers, Mark Pearlman and Michael Hammer, both U.S. citizens, were killed by unidentified persons on Saturday night while they were dining at Las Americas Restaurant in the Sheraton Hotel in San Salvador.

Majano also accused the government of being responsible for the killing of leaders of the opposition Revolutionary Democratic Front (FDR) and four U.S. nuns all within a week during the last month of December.

Majano who has remained in hiding since 15 December when he was "purged" from the government junta by pressure of the army rightwing sectors, according to his own account, again labeled "opportunist" the current Salvadoran Government leaders.

Meanwhile, in San Jose, Costa Rica, a dispatch by the INDEPENDENT PRESS AGENCY (IPA) connected with the Salvadoran opposition, reported that 42 political prisoners in Santa Tecla prison "have received death threats from agents of the regime."

According to the report, "in view of the imminent triumph of the revolution in El Salvador, the fascist sectors of the regime plan to massacre those prisoners."

The political prisoners who fear for their lives in Santa Tecla prison includes a son of government leader, Jose Antonio Morales Ehrlich, who was captured last year for involvement with the leftwing guerrillas.

TROOPS SEARCH VEHICLES, PEOPLE FOR WEAPONS

PA060113 San Salvador Radio Cadena Sonora in Spanish 1215 GMT 5 Jan 81

[Text] Radio Cadena Sonora has been informed that Salvadoran troops are searching vehicles and people in various parts of the capital city and in the interior in order to identify persons who are carrying weapons without authorization.

As a result of the searches being carried out, military and security organizations have confiscated many firearms from persons carrying them without a permit, according to the official report made available to Radio Cadena Sonora.

The searches will continue routinely to prevent persons without authorization from carrying arms. Persons who have a permit from the Defense Ministry to carry arms can continue doing so as long as they cause no harm to the honest people of El Salvador.

FMLN SAYS U.S. OFFICERS ACTIVE IN MORAZAN FIGHTING

PA060136 Havana International Service in Spanish 0000 GMT 6 Jan 81

[Text] U.S. military officers continue participating alongside the Salvadoran Army in the fighting underway in Morazan Department, according to a report from the battlefields by Guerrilla Commander Joaquin Villalobos, leader of the Farabundo Marti National Liberation Front (FMLN).

In a statement to the NEW NICARAGUA NEWS AGENCY, Villalobos noted that after 30 years of struggle, the Salvadoran people have been able to bring together a large number of factors that make it possible to foresee a certain victory. He referred to the unity of all popular organizations around the government program of the Revolutionary Democratic Front, fully supported by the FMLN. He underscored the close relations of the people with the guerrilla organizations, which has made it possible to organize a truly powerful popular army.

Finally, Commander Joaquin Villalobos said the international solidarity with the Salvadoran people is now more necessary than ever since U.S. imperialist intervention looms threateningly over that country.

Meanwhile, reports from San Salvador revealed that guerrilla forces equipped with bazookas attacked military troops stationed at one of the main access highways to the capital, while heavy fighting was reported 15 km from San Salvador.

EDITORIAL CRITICIZES CARTER HUMAN RIGHTS POLICIES

PA060300 San Salvador EL DIARIO DE HOY in Spanish 3 Jan 81

[Editorial: "We Can Now See Light at the End of the Tunnel"]

[Text] For some time, and to a great extent by the efforts of the U.S. ambassador on his own initiative, socializing "changes" and all sorts of initiatives have been imposed on our country to the detriment of its constitutional order, laws and traditions.

Interventionism has reached such extremes, that the aforementioned official does not hesitate to support one group against others, to make statements detrimental to various institutions or to accuse the army and the productive sector without having any kind of proof.

Mr White is the first one to regret deaths or incidents when they affect extremists, but he remains significantly silent regarding the thousand other atrocities which occur almost daily in El Salvador.

Very much in "tune" with the "human rights" policies, he disregards the misery, destruction and death which this policy has brought upon our country, Nicaragua, Guatemala, Iran, Afghanistan, vast regions of Africa and the whole world.

Undoubtedly, the purpose which should guide our actions in the near future is to rescue our sovereignty and to rebuild the nation from the great harm done by foreign intervention in economic, political and social aspects.

A similar goal of respect for the rights of others guides the new U.S. Republican administration which is very much aware of the harm caused by Carter's policy to whole peoples and greatly endangered all Western civilization.

As we have often said, we can already see the light at the end of the tunnel. There is still a long way to go on this path strewn with tears, blood and misery. However, God willing, with the aid of the God and not Satan, we shall arrive at a safe port for the good of the poor peoples of this country and the coming generations.

PAPER SAYS REAGAN STRESSES 'MUTUAL UNDERSTANDING'

PA052302 San Salvador EL DIARIO DE HOY in Spanish 3 Jan 81 p 13

[Editorial: "We Shall Begin Reconstruction With the New Year"]

[Excerpt] The statements made by U.S. President-elect Ronald Reagan about the region and El Salvador are very important. He said that the relations between his country and ours should be based on mutual understanding and trust in freedom.

This does not only mean political, but also social and economic freedom. Reagan also rejects the concept that the United States should impose different ways of life on other nations.

Reagan is aware of the need of making reforms in El Salvador, especially with regard to reforming the existing interventionist system which has led this country to bankruptcy within a short 10-month period.

ANEP BELIEVES LOPEZ PORTILLO WILL NOT INTERFERE

PA021556 Paris AFP in Spanish 2240 GMT 30 Dec 80

[Text] San Salvador, 30 Dec (AFP)--The National Association of Private Enterprises (ANEP), composed of Salvadoran industrialists, has said that it does not believe that Mexican President Lopez Portillo "has the slightest intention of meddling in the Salvadoran people's domestic affairs."

An ANEP bulletin issued here today comments on a New York TIMES editorial which analyzed statements made by the Mexican president that suggest that Ronald Reagan "should listen to what Mexico has to say regarding El Salvador."

The Salvadoran industrialists say that "the president-elect of the United States does not need advice from anyone in order to determine his foreign policy, and therefore neither Mexico nor any other country could alter the new U.S. Government's policy."

The Salvadoran industrialists call on "all other countries to remain aloof from the situation" in their country.

ANEP quotes the New York TIMES as saying that "El Salvador, per se, could never be regarded as a priority of U.S. strategy. A political change in El Salvador, however, could alter the balance of power in all of Central America and it might even threaten Mexico."

According to ANEP "the New York TIMES discusses the central point of the grave danger facing Central America, which is due to the political-military escalation of international communism."

ANEP claims that El Salvador "is the fuse to the Marxist-Leninist revolution in Central America, which is strategically based on the Nicaraguan situation."

According to the bulletin "ANEP is surprised by the New York TIMES' statements, which minimize the strategic importance of El Salvador to Soviet imperialism's plan for world domination."

According to ANEP those plans are "to establish military and political control in Central America," as a step toward reaching the Venezuelan and Mexican oil fields and controlling the Caribbean maritime routes."

ANEP also comments on Mexico's position, which, according to the New York TIMES, "is less concerned about a leftist victory in El Salvador than about greater U.S. involvement in a Latin American civil war."

ANEP says that "it is hard to believe that the Mexican president would want the destruction of a representative democracy like the one we wish for El Salvador--and like the one existing in Mexico--in favor of international communism's totalitarian and oppressive regimes."

GUATEMALALOPEZ PORTILLO MEETING SEEN AS 'CONFRONTATION'

PA031847 Panama City ACAN in Spanish 1705 GMT 5 Jan 81

[Text] Guatemala City, 5 Jan (ACAN-EFE)--The Guatemalan daily newspaper PRENSA LIBRE says today that Mexican President Jose Lopez Portillo will attend today's meeting with his U.S. colleague Ronald Reagan with lofty gestures,

The newspaper says that Reagan considers the meeting in Ciudad Juarez "a courtesy gesture, a meeting among friends, to cordially discuss topics of mutual interest and convenience," "Lopez Portillo regards it as a confrontation, a political opportunity to stress his strong position and to tell his neighbor what policy he must implement in Central America," the newspaper adds,

According to PRENSA LIBRE, "one of them views it as a ceremonial and friendly act while the other sees it as an opportunity to make lofty gestures,"

The Guatemalan newspaper feels that the Mexican president wants to stress to Reagan that Central America is "a natural area of influence" for Mexico and that he must keep his hands off that region,

"Through this arrogant meddling, Mexico wants to prevent any obstruction of the present subversive process for the establishment of socialist governments in Central America," PRENSA LIBRE says, [as received]

HONDURASELECTORAL OFFICIAL URGES PARTICIPATION BY ALL

PA051903 Tegucigalpa Radio America in Spanish 1145 GMT 5 Jan 81

[Interview with National Electoral Tribunal President Ubodero Arriaga Iraheta by Marco Tullio Romero; date and place not specified--recorded,]

[Excerpts] [Arriaga] My position as president of the National Electoral Tribunal enables me to be optimistic about the political situation and the future of this country. The electoral process began 3 years ago and is now reaching its culmination. Also, the new electoral law that the National Constituent Assembly is about to release calls for elections in mid-1982, that is, some time between August and October,

[Question] Are you in favor of giving nationwide participation to other political forces, such as the Communist and Socialist Parties? Do you think an opportunity should be given to these groups? Do you feel that it is better to have them in the open rather than acting clandestinely?

[Answer] I agree with that idea completely. I think that the Honduran Communist and Socialist Parties should also participate in the process. Otherwise, they would be excluded, they would be discriminated against; it would be tantamount to excluding some Hondurans from the country's democratic process,

By not taking them into consideration we are eliminating their rights as Hondurans. We are also taking away their obligations. It is not correct to have Hondurans who do not enjoy equal rights in this country. It is even worse to have Hondurans without any obligations,

The citizens' civic obligations are the same for all, so why should there be exceptions now? Why should anyone not comply with the electoral law? Based on this type of reasoning, these parties should also participate in the democratic game,

NICARAGUAJUNTA'S CRUZ ANALYZES COUNTRY'S ECONOMY

PA042225 Managua LA PRENSA in Spanish 22 Dec 80 pp 1, 12

[Text] Arturo Cruz, member of the junta of the Government of National Reconstruction, made a candid and plain-spoken analysis of the country's economic situation and its prospects on 20 December during the seminar of the Democratic Conservative Youth.

Cruz said that besides the economic or production problem there was a basic one of credibility, because private enterprise does not believe in the promises or statements made by government spokesmen and the government does not believe the criticisms voiced by the Higher Council of Private Enterprise [COSEP] are either well-meaning or constructive.

He stressed the need to establish domestic tranquility and to end trade union anarchy. He also placed emphasis on good friendly relations with the United States.

Foreign Exchange

Cruz went on to say the following:

So you may have an idea of the economic prospects for 1981, suffice it to say that 75 percent of each cordoba to be invested will have to come from abroad.

The key question is: Where can we get this hard currency? It is my understanding that no fiscal or foreign government budget [as published] can be financed through barter or exchange arrangements.

Referring to the nature of such sources, he noted that our trade ties with the United States, which is our main exports and imports partner, must be sincerely and realistically acknowledged.

He stressed that 90 percent of our sesame production, 100 percent of our banana and meat production and a substantial part of our cotton production are sent to the United States.

He said 60 percent of our imports come from the United States.

Main Source

Cruz said that the primary source of financing for our investment projects will have to be the United States, first because it has made loans directly through the Agency for International Development (AID) and also donations of products [as published].

He added that the Inter-American Development Bank (IDB) has a special teller's window called "Special Funds." This window is definitely controlled by the United States and it even has veto power there. Therefore, every dollar that came from IDB had to have the U.S. Government's blessing per force.

Regarding the World Bank, he said the United States does not control it but obviously has clout there because it contributes to the bank's fund.

In a nutshell, Cruz said, I feel the friendship and good will of the United States are essential to our government's plan to increase its investments.

Fiscal Problem

Referring to the fiscal problem, Cruz said the government's receipts are below its expenditures and that even though the printing press can be used to balance the cash flow, the same mechanism cannot be used in regard to foreign trade because we need hard currency in this case.

Expanding on his views, he said it is true the printing press can be used to achieve balance but it is also true that the cordobas that would be placed in circulation would not be backed by effective production and the only thing that will increase will be inflation.

He said inflation had been estimated at 20 percent but that the final figures showed it was much higher.

Production

Crus said the government's biggest dilemma is that of increasing production and that at the present time any increase in this field will depend to a very large extent on the efforts of private enterprise.

Therefore, whatever attitude private enterprise adopts at this moment is crucial to the government.

Condition: Domestic Tranquillity

Reviewing the objectives to be pursued in tackling this dangerous economic situation, Crus said the first thing that must be established is domestic tranquillity.

Conditions must be created for businessmen to produce.

This does not mean the revolution is capitulating. However, we are realistic enough to realize that this is a basic element.

It is true that a great deal of rhetoric on the part of government spokesmen has hurt COSEP. However, it is also true that the COSEP members have also indulged in much rhetoric and that a totally fruitless duel of words has thus been established.

Trade Union Anarchy

Crus admitted that trade union anarchy must be brought to an end.

He said that the trade union cannot sit in the manager's chair or replace him. It must, however, participate in the adoption of decision on investments and personnel movements so there can be true communication.

We are approaching great penury, he added, and therefore all Nicaraguans must get the message that there will be much austerity in public spending, that pork barrel jobs and unproductive spending must cease and that trade union anarchy must end, because it would be very dangerous to maintain this situation.

The Sudden Stop

Crus said that if the policy of "sudden stop" were applied at this moment it would be very dangerous because it would be like stopping an automobile travelling at 100 kph at a curve all of a sudden which could cause it to overturn.

He said that, in a nutshell, control of public spending is essential but that credits must be offered to the production sector to stimulate it.

Regarding investments, he said it is necessary for the state to devote 25 percent of the gross national product to this field and that the private sector must make an equal contribution to be able to develop these activities.

Credibility

He reiterated his opinion that Nicaragua's present problem is that of credibility. He added in this regard: The independent sector does not believe the statements and promises made by spokesmen for the government party and the government party does not think that the criticisms made by the independent bloc are sincere or constructive.

The Salazar Case

A question and answer period followed Cruz's statements. One of them dealt with the death of engineer Jorge Salazar. Cruz said:

"It is true that there is no reason to accuse the government of holding any unlawful intention, but it is also true that the government must make a broad explanation of how this killing could have been committed when arresting a citizen." He then said: "It is true this explanation has not been given yet and, therefore, it must be expected that it will take place in order to be able to make rash judgements about the government's complicity."

At the end of the dialogue Cruz asked the democratic conservative youths at the meeting if they would be willing to talk with a commander. The group said yes but on the basis of an equal footing and of mutual confidence for the benefit of the entire country.

STANDARD FRUIT COMPANY SUSPENDS OPERATIONS

PA022220 Paris AFP in Spanish 1805 GMT 2 Jan 81

[Text] Managua, 2 Jan (AFP)--Nicaragua's banana exports were halted today when the U.S. Standard Fruit Company announced it was closing down operations here and leaving the country.

The government had previously announced a new banana production plan for the country whereby the revolutionary state will pay a percentage of the profits from the banana sales to the owners of the land who will maintain the right of ownership.

The American enterprise, however, did not accept this plan and decided to leave the country.

Commander Luis Carrion, member of the Sandinist directorate, said that "Nicaragua will not surrender and we would much rather eat all the bananas we produce than yield" to the Standard Fruit Company's wishes.

A ship belonging to the company that had arrived at Corinto port on 29 December, left without any cargo as the Standard Fruit Company announced it was concluding operations in Nicaragua on orders from its main office, Castle and Cook in San Francisco, California.

The decision of Standard Fruit Company has partially stopped operations in the Chinandega banana area, in the western part of the country, the daily LA PRENSA reported today.

Now that the Standard Fruit Company has closed the U.S. and European markets for Nicaragua our product will have to face competition with the bananas from Honduras and Costa Rica on the European markets, the newspaper added.

The Standard Fruit Company, which has operated in Nicaragua for 10 years, purchased 6 million crates of bananas from Nicaragua every year and will now probably purchase them from Ecuador, it was said here.

Government Communique

PA032053 Managua Radio Sandino in Spanish 0300 GMT 3 Jan 81

[Government Communique issued in Managua on 2 January--read by Foreign Trade Minister Alejandro Martinez Cuenca] recorded]

[Text] In the year of defense and production, we inform our people that:

1. The Government of National Reconstruction, in its firm desire to provide solutions to the social problems which have been experienced in the western banana program region,

2. Aware of the need for greater state participation in regulating this activity which affects both the workers (words indistinct) and the enterprises which have been in charge of the banana program;

3. The Government of National Reconstruction has been talking with the Standard Fruit Company, the marketing concern, for over 6 months in an effort to establish the legal framework which should govern future relations with that company, with the workers and with the land owners in that area;

4. The formulas discussed during these talks have so far been mainly directed toward restoring the domestic peace that is needed to stimulate production and thereby increase productive capacity, and the government has therefore made very effort to ensure that these talks remain fluid and continue at a normal pace.

Therefore, we formally announce to the public that these talks are being held and that we have not received any official information resembling the reports that have appeared in some of the local media.

PEOPLE HOLD 1 JAN PROCESSION DESPITE CHURCH BAN

PA022017 Managua Radio Sandino in Spanish 1200 GMT 2 Jan 81

[Text] A great number of people from the Mexico, Riguero, Revolucion and Maximo Jerez neighborhoods formed part of the procession that toured those sectors of the capital yesterday afternoon.

The all-male procession was suspended by higher orders from the Catholic Church, orders which could not restrain the religious fervor of the residents of the capital. That fervor was demonstrated by the impressive procession yesterday, 1 January, in the neighborhoods of the capital.

The demonstration of Catholic fervor in tribute to Christ the King carried a special message in free Nicaragua: a prayer for the definitive liberation of the brother people of El Salvador. The procession began at 1500 and ended at 1900 with a beautiful open mass attended by male Catholics and the people in general who are not willing to have our peoples' traditions suppressed suddenly and without explanation.

MANAGUA ON MEXICAN SOLIDARITY, 'REACTIONARY FORCES'

PA311806 Managua International Service in Spanish 0030 GMT 31 Dec 80

[Station commentary]

[Text] After noting that Mexican political solidarity does not depend on the position of any other country, Jose Lopez Portillo, president of the sister Republic of Mexico, reiterated his country's unyielding support for Nicaragua.

I maintain Mexico's unyielding stand to continue to cooperate with our Nicaraguan brothers, Lopez Portillo said in a new conference for foreign correspondents who are accredited to the Mexican capital. We will continue to develop solidarity with Nicaragua without getting any conditions, the Mexican president said. He noted his gratification that this solidarity has already begun to bear its first fruit.

Referring to relations with the United States, the Mexican president said that while it is true that the bilateral problems between the two countries are well defined and are on the verge of a solution, there could be disagreements in foreign policy, especially with regard to the Central American and Caribbean area.

We believe, Lopez Portillo said, that the Central American and Caribbean countries are full-fledged nations. Therefore, their people's right to give themselves the type of government that best suits them should be recognized as well as their right to unmask any intervention against their people and their right to aspire to peace and development, the Mexican president said in conclusion.

At a time when the reactionary forces of Latin America are staging offensives in different areas because of their expectation, which are a result of Ronald Reagan's triumph, the Mexican president's firm and resolute words take on a special importance.

Of course, because most of the American nations are politically and economically dependent on the United States, various forces have stepped up their activities in response to the presidential changes in that northern country, jockeying for position so that when the new president takes office, they will be seen by him as the best possible option.

This is the context in which we have seen an increase in the repressive fury of the Latin American dictatorships in the past few months, as well as increased terrorist action by the most reactionary forces on our continent, as was the case with the thwarted plans of the Somocinos in Costa Rica.

Apart from their public activities, the Latin American reactionaries are pursuing an underhanded press campaign to discredit and present a false image of those governments which oppose their maneuvers. This was the case in the underhanded campaign against former Jamaican Prime Minister Michael Manley.

This campaign of disparagement and lies is much more open and grotesque when directed against those peoples who have liberated themselves from the yoke, as in our case. All these actions are designed to be the groundwork for justifying a more aggressive policy toward our countries and even for justifying direct military intervention in areas where the balance has shifted against them, as in El Salvador.

However, as never before in the history of our peoples, these maneuvers are coming up against a resolute attitude of protest and condemnation from vast political, social, cultural and religious sectors of our continent. Now presidents, cardinals, bishops and leaders of government parties are joining the great Latin American masses in actions to defend the principles of non-intervention, sovereignty and independence for our nation.

Great decisions will be made on our continent in the months ahead. They will no longer depend solely on decisions made behind the walls of the White House. Instead, they will basically depend on the actions of the peoples. The progressive, democratic and revolutionary forces of the American Continent now have the floor.

DUARTE CHARGE OF INTERVENTION TERMED 'MALICIOUS'

PA022029 Managua Radio Sandino in Spanish 1800 GMT 2 Jan 81

[Unattributed commentary]

[Excerpt] Jose Napoleon Duarte, a member of the Salvadoran Government, is preparing the way for an intervention in that brother country. His charge that Cuban troops are being trained in Montelimar, Nicaragua, to invade El Salvador is malicious. He was not taking into account the fighting spirit of the Salvadoran people, who daily confront the repressive forces of that country in an attempt to win their definitive liberation.

While the Nicaraguan people are expressing solidarity with the Salvadorans by consolidating the revolution and preparing to defend our fatherland, the Salvadoran Government is telling lies about Nicaragua for the sole objective of paving the way for intervention, since the Salvadoran national guard is daily being defeated by the revolution forces.

The Nicaraguan Committee of Solidarity with Peoples has condemned the evil accusations being made by Napoleon Duarte against Nicaragua and has called on the people to join forces to contribute to the consolidation and defense of our fatherland.

ANNIVERSARY CONGRATULATIONS FROM VARIOUS COUNTRIES

FL031502 Havana Voice of Cuba in English to North America and the Caribbean 0500 GMT
3 Jan 81

[Text] Ethiopian President Mengistu Haile Mariam sent congratulations to Cuban head of state Fidel Castro on the 22d anniversary of the Cuban revolution Thursday. Mengistu's message notes that this important date comes on the heels of the Cuban Communist Party's Second Congress. He says that event was an overwhelming reaffirmation of the Cuban people's intentions to continue building socialism.

A similar message was sent to Cuban minister of the Revolutionary Armed Forces, General of the Army Raul Castro, by Soviet Defense Minister Dmitry Ustinov. Marshal Ustinov also expressed hope for new victories in the strengthening of Cuba's defense capacities and in safeguarding revolutionary gains.

Messages on the 22d anniversary of the revolution have also come from the Panamanian People's Party, the Guyanese People's Progressive Party and the top leaders of the Soviet Union, the German Democratic Republic and Bulgaria.

Media in Romania, the USSR, Mexico and other countries have also been taking note of the anniversary and pointing out the achievements of socialist Cuba.

Breshnev, Tikhonov Message

FL010151 Havana Domestic Television Service in Spanish 0100 GMT 1 Jan 81

[Text] The highest Soviet leaders today sent congratulations to Commander in Chief Fidel Castro, First secretary of the PCC Central Committee and president of the Councils of State and Ministers, on the occasion of tomorrow's commemoration of the 22d anniversary of our revolution's triumph. The message, signed by Leonid Brezhnev, secretary general of the CPSU and chairman of the presidium of the USSR Supreme Soviet, and Nikolay Tikhonov, chairman of the USSR Council of Ministers, stresses that the 1 January 1959 victory is a historic milestone in the life of the Cuban people which marked the beginning of a new phase of the anti-imperialist national liberation movement in Latin America.

After noting the country's gains in various spheres of the economic, social and cultural life, the message adds that in close union with the peoples of the socialist community, Cuba is firmly and resolutely building the socialist society. With its policy of peace and good neighbor, the document notes, with its solidarity with peoples defending freedom and independence, with its intransigence vis-a-vis neocolonialism and racism, Cuba has gained the respect of the socialist community, the nonaligned countries movement and of the entire international community.

The message sent by the highest Soviet leaders also notes the broad and close ties of friendship and cooperation existing between Cuba and the USSR and the active participation of the Caribbean nation in all OCHA activities. It also expresses the satisfaction felt by all Soviets for the new creative plans for economic and social development of the country which were adopted by the Second PCC Congress, held from 17 to 20 December.

Honecker, Zhivkov Messages

FID11304 Havana Domestic Service in Spanish 1203 GMT 3 Jan 81

[Text] Erich Honecker, chairman of the GDR State Council, and Willi Steph, chairman of the GDR Council of Ministers, have sent a congratulatory message to the maximum leader of the Cuban revolution. The document states that Cuba's extraordinary gains confirm that the vitality of the ideas of Marxism-Leninism is transforming the world.

For his part, in a message sent to Fidel on the occasion of the 22d anniversary of our revolution's triumph, Bulgaria's State Council Chairman Todor Zhivkov expresses happiness for the Cuban people's successes and certainty that they will fulfill the new tasks agreed to by the Second PCC Congress.

Likewise, the secretariat of the International Union of Students has sent a congratulatory message to Fidel in which it notes that the Cuban revolution opened the way to a new life for our country.

Indian Leaders' Messages

FID30151 Havana Domestic Television Service in Spanish 0100 GMT 3 Jan 81

[Text] India's highest leaders have expressed their desire to strengthen even more the relations between the two countries for the benefit of the Cuban and Indian peoples and world peace. The messages sent to the chief of the Cuban revolution by India's President Neelam Sanjiva Reddy and Prime Minister Indira Gandhi state that the relations between the two countries reflect their wishes for close and mutually beneficial relations. The messages sent by Reddy and Gandhi to the president of the council of state and ministers were sent on the occasion of the 22d anniversary of the revolution's triumph.